

EVALUATION OF CLIENT-FOCUSED BUSINESS VOLUNTEER PROGRAMS

Conducted Under PO # 118-0-00-99-00012

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EXECUTIVE SUMMARY

(key terms or acronyms are in **bold** when introduced or defined)

Introduction

This evaluation was commissioned by **USAID/Russia** (also **USAID/R**) to assess certain aspects of the Business Volunteer Program (**BVP**) now nearing its completion. Specifically, activity managers in USAID wanted to receive concrete recommendations they could apply in the follow-on activity, Entrepreneurial Business Services (**EBS**), which is described in the Request for Applications (**RFA**) issued January 15, 1999.

Following the executive summary, there are five sections to this report. The *Background* provides a basic description of the history of USAID-funded, volunteer-based support to SMEs in Russia since 1993, and puts this evaluation in the context of the follow-on activity, EBS. Section II, *Purpose*, provides just that -- the actual purpose of this evaluation, which is stated in the SOW attached in Annex 1, but was further defined or narrowed by USAID staff over the course of the evaluation. The third section presents the *Methodology* applied by the evaluator. The fourth and fifth sections are the meat of the report: *Principal Findings*, which includes a list of lessons learned; and *Recommendations*, in which the evaluator draws upon his conclusions to give practical suggestions on the implementation of the follow-on program.

Additionally there are five annexes that include supporting documentation:

- Annex 1: the Scope of Work
- Annex 2: Bibliography
- Annex 3: List of Persons contacted/interviewed
- Annex 4: Tabulated Results and Data from the Evaluation
- Annex 5: Questionnaires and Definitions Used

These annexes will shed light on the process of the evaluation and include some of the evidence used. Individual interviews were mainly conducted under the promise of confidentiality, although many respondents felt no need for this. All of the records of the interviews are retained by the evaluator and can be discussed within the constraints of any promises of confidentiality.

Section I. Background

Over the last two years, support to SMEs has been a key component of USAID's strategy for economic assistance to Russia through the Business Development Program (**BDP**). One of the main mechanisms to implement the BDP has been through American volunteer-based assistance organizations, which have provided hundreds of volunteers for direct assistance to individual firms and to Business Support Organizations or Institutions (**BSIs**) like business associations and training institutions. In 1997, USAID built on its earlier volunteer-based activities by awarding three Cooperative Agreements to implement the Business Volunteer Program or BVP. The grantees are: (1) Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (**ACDI/VOCA**) in association with Winrock International and the Center for Citizen

Initiatives (CCI) [118-A-00-97-00124-00]; (2) Citizens Democracy Corps (CDC)[118-A-00-97-00157-00]; and (3) International Executive Services Corps (IESC)[118-A-00-97-00109-00]. This evaluation refers to these organizations as the **PVOs, providers, and/or implementers**.

To accomplish these objectives, the project provides direct volunteer technical assistance to Russian SMEs and assists BSIs both with technical assistance and assistance and training to their members, clients or constituency. BSIs by design include Russian consulting firms who provide for-fee business and management consulting. The stated purpose of support to BSIs who “will be the future Russian catalysts for improved business performance” was to build capacity for sustainability.

Section II. Purpose of the Evaluation

The purpose of the Evaluation is outlined in the SOW attached at Annex 1, which has itself evolved in the short time frame since the Evaluation began. On direction from USAID/Russia/OER, the practical purpose of this work is to provide cogent, germane comment and concrete suggestions for the process of negotiating the terms under which the next program will function. The highest priority for the evaluator was, as stated in the RFA issued in January 1999, to ‘provide key findings to incorporate into the agreements’ defining the Entrepreneurial Business Services activity. The Evaluation was not to generate historical data, but offer recommendations to help achieve the goals of the new program: *“to strengthen local business support organizations and provide demand-driven volunteer services that provide information and advice to link clients to financing opportunities and other assistance programs.”*¹

Section III. Methodology

The methodology applied in this Evaluation is built upon what USAID/CDIE calls “rapid appraisal methods” that lie between informal and formal methods of collecting information for evaluation or assessment. As outlined in the SOW, the main methods applied to gather mainly qualitative information for the generation of recommendations can be summarized as **document review, key informant interviews (and/or focus group interviews), questionnaires and a survey of assistance recipients or clients**. The evaluator relied on document review of USAID and the providers’ reports for the background and baseline, a survey of the providers and their clients for quantitative information and a ‘reality check’, and most importantly, upon limited direct observation coupled with over 30 key-person interviews in Moscow, Washington, St. Petersburg, Khabarovsk, and Yekaterinburg.

The evaluator presented preliminary findings and recommendations to a group of USAID/R staff for review, comment and question before the final drafting of the report. Comments were included as appropriate in the draft final report issued for formal comment. Surveys from firms were received to an acceptable level, and then reviewed and tabulated at Annex 4, with notation and comment of any important or unexpected results appropriately added or included in the final report. Unfortunately data from the

¹ RFA no. 118-99-003 Entrepreneurial Business Services (EBS) paraphrased from C.1

providers themselves arrived too late for full tabulation, but their questionnaire responses are included in full in Annex 4 and are very important reading for USAID managers.

Section IV. Principal Findings and Lessons Learned

This Evaluation is intended to draw conclusions about the performance of the providers and specific implementation issues that may be important in the follow-on EBS. Failure of two of the providers to return the overall client questionnaire within the deadlines meant that several of the quantitative aspects requested under the scope are not herein analyzed, but may be found in Annex 4, which was added after this report was drafted. The client survey similarly was not conclusive within the time frame of the evaluation, but responses gathered to-date support the conclusions drawn in the Principal Findings. The Principal Findings are presented as strong (represented by **S**) and weak (represented by **W**), which could be called observations. All of the findings are supported by direct evidence of the evaluation but the weak findings, or observations, may be limited by the underlying evidence or the scope of this Evaluation.

The Lessons Learned are drawn from the BVP, and by association and evidence, its predecessor activities. They are also broadly supported by the substance of previous evaluations and studies included in the document review (See Annex 2, Bibliography). Not surprisingly, several of these 'lessons' have been repeated in one form or another in previous discussions of SME development and volunteer-based assistance. The Lessons Learned are referenced to the Principal Findings by number.

A. Principal Findings

1. S – The PVOs all believe they did a good job by meeting their clients' needs and fulfilling their Cooperative Agreements.
2. S – The data presented by PVOs are inconsistent but there are inherent faults with definitions, collection methods and circumstances under which data was generated. Not all data requested in this evaluation has been supplied yet– they do not have the answers, cannot or don't want to supply them in a timely fashion.
3. W – The quality of communication and coordination among assistance providers and their client-community was hard to generalize from this evaluation.
4. S – Facilitation of financing was not very successful, but expectations of success seem very inflated in the Cooperative Agreements, and the definition of "finance" was too limiting.
5. S -- IESC (St. Petersburg) has the only functioning model for the consultancy BSI but this is not replicated anywhere else.
6. S – PVOs claim to be ready and willing to define and fulfil new, realistic data.
7. S – Training/seminars are still a key component to attract SMEs, and transfer skills that are a stepping stone to the long-term viability of fee-based consultancy.

8. S – Tourism is very important to the RFE.
9. W – Inconsistencies in ACDI/VOCA field offices, strategies and implementation may be a result of some contracts, weak systems or flexibility. (It is not necessarily a criticism – flexibility may be a strength.)
10. W – Coordination may be weaker than needed for optimal impact of assistance.
11. W – BCC was successful in support of BVP in St. Petersburg and Khabarovsk.

B. Lessons Learned (numbers indicate associated Finding)

USAID and its partners must define terms and concepts of the program once again (2, 4). Current experience shows that there are still different opinions about the terms and concepts operative in this program. Communication must be strengthened to constantly refresh the common application of terms.

Data requirements must be enforced through agreement, conceptual validity and flexibility (2, 6). USAID and its providers have spent years on this problem, as shown by all product documentation and independent evaluations. The data collector must believe in the usefulness of the data (validity), ‘buy’ into concepts and detail (agreement) and be able to collect the data realistically (flexibility).

BSIs are out there but the SME market is not ready for full-fee consultancy (5, 7). Fee consultancies need fairly sophisticated clients who can specify exact needs, quantify consultancy’s value to their business and plan accordingly. The Russian economic environment is not conducive to long-term planning for large businesses much less SMEs.

Strategy for successful BSIs under this program’s goals must fall on training and consultancy (5, 7). Training can provide the most basic, and increasingly sophisticated, skills which companies appear to recognize and pay the lower fees typically involved. Training also educates SMEs to the value of increasingly sophisticated advice. This is a key stepping-stone to the recognition of the true value of consultancy for their business.

Implementers must be given flexibility but clear terms to follow (9). In small businesses flexibility is the key to survival. This intentionally echoes an earlier evaluation: “therefore programs serving small businesses should have flexibility to shift their resources and respond when good opportunities arise.”² The implementers of such programs must modify mechanisms and move quickly to meet needs or even find new partners.

Cooperation and coordination must be enforced to achieve maximum impact of assistance, including with other donors (3, 10). There must be leadership to succeed. USAID is a logical coordinator as the funder of these activities, and this an issue that may be resolved through planning, discussion and the application of resources by USAID (e.g., travel by activity managers).

² Comparative Assessment of Specific Aspects of USAID Programs by MSI and USAID, October 31, 1997, p.18

Section V. Recommendations

In this section, the evaluator provides concrete recommendations for the design and implementation of the program. The numbers in brackets are associated with Principal Findings, and can be linked to specific Lessons Learned.

- ◆ **USAID and its implementing partners must find a new and creative definition of financing and bring funding agents into the program (4).** Criteria must lean on economic results for the company, not the simplest definitions of debt and equity. For example, is barter, forwarding or internal investment considered financing? A finance specialist -- Russian, expatriate, or volunteer -- could be hired in each regional office. What is required is creative ability to understand the flexibility necessary in a small business. Funding organizations should be brought into the discussion in to meet their needs.
- ◆ **Push new provider(s) to function as a business (5, 9, 11).** Regional offices could be seen as profit/cost centers. If the goals are sustainability and local capacity, then hard budget constraints and some basic rules of engagement could be effective tools to inspire the flexibility, and the discipline, to survive later. This is already the aim of the RFA.
- ◆ **Allow the provider to suggest targets, indicators, and results with reporting data sets that must be conceptually legitimate, germane to USAID small business strategy, collectible, and timely (2, 6).** The provider and USAID should agree on a data set to solve problems that have plagued this type of program throughout the ENI region. Given such an agreement, the provider must demonstrate that a data collection and information management system is already in place and fully functional before the final award.
- ◆ **The new program should link training to consulting as an integral part of business services and management consultancy; this is a logical and real stepping stone to building fee-for-advice consultancy (5, 7).** Russian firms, at least SMEs, appear to be a few steps away from relying on consultancy to solve business problems, but firms pay affordable fees for training as they can assimilate the small increments of skill and knowledge that training and seminars provide. Grantees should formally link training by BSIs to consulting services, or combine the functions in those institutions that can.
- ◆ **A small, but important, element of the development of fee-based consultancies should be explicit discussion, even training, on conflict of interest (5).** Professional consultants succeed in the West because culture, law, and the market place demand stringent adherence to client confidentiality and the avoidance of conflicts of interest.
- ◆ **Regional coordination of all types of resources should be a priority for the program's success: US assistance, other donors, and various grants and subsidies for small business from regional government units (3, 10).** Coordination requires leadership with authority, and as the ultimate funder of

these programs USAID should play a authoritative role in forcing its grantees/contractors to work together and pushing other donors to take advantage of its programs (preferably vice versa).

- ♦ **Do not prohibit tourism as a sector in the Russian Far East (8).** All parties, public, quasi-private, and private, strongly believe and have invested in the future of tourism and eco-tourism as major opportunities in the Russian Far East.
- ♦ **USAID should use its internal evaluation capacity to aggregate and analyze quantitative data from the periodic reporting of its BVP providers in a program-wide effort for comparative evaluation.** USAID has the internal capacity in both its FSN program managers and FSN staff in the Program office to aggregate and compare data readily available in the periodic (monthly and quarterly) reporting done by the grantees. In the future, USAID should ensure that both groups of staff are familiar enough with the programs to maintain and basically analyze such information. This would save significant resources in future evaluations of virtually any program under review.

I. BACKGROUND

(key terms or acronyms are in **bold** when introduced or defined)

A. Business Volunteer Program: the current program

Over the last two years, support to SMEs has been a key component of USAID's strategy for economic assistance to Russia through the Business Development Program (**BDP**). BDP was designed to both help Russian businesses grow through the transfer of skills and concurrently improve the infrastructure supporting SME growth, including small-scale financing services, access to business information, and training-of-trainers. One of the main mechanisms to implement the BDP has been through American volunteer-based assistance organizations, who have provided hundreds of volunteers for direct assistance to individual firms and to Business Support Organizations or Institutions (**BSIs**) like business associations and training institutions.

Since 1993 USAID has funded U.S.-based PVOs to provide direct assistance to Russian SMEs. In 1997 USAID awarded three Cooperative Agreements to implement the Business Volunteer Program or **BVP**. The grantees are: (1) Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (**ACDI/VOCA**) in association with Winrock International and the Center for Citizen Initiatives (**CCI**) [118-A-00-97-00124-00]; (2) Citizens Democracy Corps (**CDC**) [118-A-00-97-00157-00]; and (3) International Executive Services Corps (**IESC**) [118-A-00-97-00109-00]. This evaluation refers to these organizations as the **PVOs**, **providers**, and/or **implementers**.

The "Client-Focused Business Volunteer Program" (BVP) supports the Mission's Strategic Objective 1.3, "the acceleration of development and growth of private enterprises in Russia." Project assistance was planned to improve business practices and a build a network of Russian BSIs throughout the country capable of providing services to the private sector.

To accomplish these objectives, the project provides direct volunteer technical assistance to Russian SMEs and assists BSIs both with technical assistance and assistance and training to their members, clients or constituency. The latter by design includes Russian consulting firms who provide for-fee business and management consulting. The stated purpose of support to BSIs who "will be the future Russian catalysts for improved business performance" was to build capacity for sustainability.

American business volunteers, during assignments of on-average four weeks, undertake activities that help address constraints and lay the groundwork for the development of SMEs. Volunteer consultants are practicing experts – they have managed and/or developed a business, and offer industry-specific knowledge.

Literally thousands of American experts have actively participated in this kind of consulting program around the world. Additionally, volunteers who never leave the U.S. attempt to help SMEs develop trade or marketing links with American firms. Many volunteer assignments do not end when the volunteer leaves Russia, but continue upon their return to the United States and develop into long-lasting relationships between the volunteer and the Russian client. These relationships can generate concrete business opportunities or other partnerships for the US and Russian partners.

Each PVO provides expertise in different business sectors (marketing, financial management, agribusiness, media development, finance/investment), and covers key regions in Russia from Novgorod to Sakhalin. The specific regions and sectors of concentration were stated in the Cooperative Agreements and in subsequent meetings with USAID activity managers. When the cooperative agreements expire in April 1999 the grantees will have completed approximately 1,000 primary business consulting assignments in Russia.

The BVP mechanisms are relatively low-cost activities that should address the changing needs of Russian firms and entrepreneurs, who are only beginning to demand consulting in industry-specific issues beyond general business training. USAID's Office of Economic Reform (OER) is now seeking to increase impact and reduce administrative costs by further utilizing the volunteer program's local partners, and by increasing the number of clients served by each volunteer.

B. Entrepreneurial Business Services (EBS): the future program

Based on past experience, the critical importance of small enterprise development to long-term growth, a limited budget, and the on-going challenges to enterprise development in Russia – especially in the wake of the August financial crisis – USAID's strategy is to continue to provide flexible direct assistance to enterprises through a cost-effective volunteer mechanism (EBS). On January 15, 1999 USAID issued a new Request For Applications (RFA) no. 118-99-003 Entrepreneurial Business Services for this follow-on program to the subject program of this Evaluation, the purpose of which is to generate recommendations to fine-tune the design and implementation of EBS.

One caveat about Russia and the relevant conclusion for USAID's work is succinctly stated in the current Draft USAID/RUSSIA Country Strategy 1999-2003: "Economic reform has not yet succeeded and no one should anticipate the needed reforms in the near term. In view of this fact, USAID will more heavily focus its future economic program on SMEs."³ This provides the rationale of the current RFA for the new EBS program as the follow-on to the BDP.

³ Draft USAID/RUSSIA Country Strategy 1999-2003, p.3

USAID has previously commissioned two major evaluations of its volunteer-based programs (1997-1998)⁴. Some of the findings and conclusions are similar to those of this evaluation. These analyses have been applied by USAID/Russia in the development of the current BDP program and some of their conclusions are applied in USAID/R/OER's overall SME development strategy. As this Evaluation will not describe or comprehensively critique the conceptual bases of the BDP program, it may be instructive to review key underpinnings of the USAID/R SME and economic development strategy for Russia. The following was cited in the recently issued RFA for the EBS:

- ◆ Small and medium-sized enterprises tend to perform better than large ones (especially privatized ones);
- ◆ New start-ups outperform privatized companies across the board, despite the traditionally high potential failure rate for small-scale start-ups in the first five years;
- ◆ Enterprises founded as sole proprietorships or partnerships tend to be more successful than joint-stock companies;
- ◆ Enterprises are likely to be more successful if they are closer to the consumer (*i.e.*, agribusiness services rather than production);
- ◆ Good opportunities exist in food processing, storage, transport, distribution, and retail sales, although agricultural production is highly constrained by poor conditions;
- ◆ There are growth opportunities for light manufacturers, particularly new-start medium-scale manufacturers;
- ◆ Channeling direct enterprise assistance through local business support organizations or service providers ("wholesale approach") has been proven to be highly effective.

C. This Evaluation

This evaluation was conducted in December 1998 and January 1999 for the purposes of generating recommendations for USAID/Russia/OER to consider in the final design, negotiation and implementation of the successor program (EBS) to the BVP program herein assessed. It is intended primarily for the internal use of USAID/Russia.

⁴ Evaluation of Private Enterprise Development in the ENI Region by Louis Berger International and Checchi & Company Consulting and A Comparative Evaluation of Specific Aspects of USAID Programs to Develop SMEs in Bulgaria, Poland, Russia and Ukraine by Management Systems International

II. PURPOSE OF THE EVALUATION

The purpose of the Evaluation is outlined in the SOW attached at Annex I, which has itself evolved in the short time-frame since the Evaluation began. On direction from USAID/Russia/OER, the practical purpose of this work is to provide cogent, germane comment and concrete suggestions for the process of negotiating the terms under which the next program will function. The highest priority for the evaluator was, as stated in the RFA issued two weeks ago, to ‘provide key findings to incorporate into the agreements’ defining the Entrepreneurial Business Services activity. The Evaluation was not to generate historical data, but offer recommendations to help achieve the goals of the new program: *“to strengthen local business support organizations and provide demand-driven volunteer services that provide information and advice to link clients to financing opportunities and other assistance programs.”*⁵

Based on guidance of USAID staff, the Principal Findings and Recommendations were generally limited to information gathered during the Evaluation, although the evaluator was to apply and build upon previous experience with donor (especially USAID) assistance to those transitional economies, which are the focus of USAID/ENI programs. The evaluator was directed in the SOW to develop specific information in the course of developing recommendations, but this report was limited to conclusions on grantee performance, lessons learned, and recommendations. Additionally, the Recommendations narrowly focus on practical issues that can realistically be addressed in the process of awarding agreements under a USAID RFA, within the Russian economic environment, and given the capacity and experience of potential providers of this type of assistance. Finally the Evaluation is succinct as proposed in the Outline accepted by USAID, and absolutely targeted to support OER managers in the final design and implementation of the EBS successor program to the BVP.

Recommendations, although too few to organize into groups, naturally focus on implementation issues that could be observed and analyzed within the constraints of this Evaluation. Beyond relevant general and miscellaneous findings, those issues include:

- BSIs: roles and definitions, technical capacity-building, and sustainability
- Information, both its dissemination and definitions for program management
- Collaboration, coordination, and implementation

Although not a primary purpose of the Evaluation, the data represented by the Client surveys were used to generate the recommendations and are summarized at

⁵ RFA no. 118-99-003 Entrepreneurial Business Services (EBS) paraphrased from C.1

Annex 4. Individual records are available for discussion with USAID staff on request and within the constraints of confidentiality requested by the Respondees.

III. METHODOLOGY

The methodology applied in this Evaluation is mainly built upon what USAID/CDIE calls “rapid appraisal methods” that lie between informal and formal methods of collecting information for evaluation or assessments. As outlined in the SOW, the main methods applied to gather qualitative information for the generation of recommendations can be summarized as **document review, key informant interviews (and/or focus group interviews), and surveys of both providers and assistance recipients or clients.** The evaluator relied on document review of USAID and the providers for the background and baseline, a survey of the providers and their clients for quantitative information and a ‘reality check’, but most importantly, upon limited direct observation and over 30 key-person interviews in Moscow, Washington, St. Petersburg, Khabarovsk, and Yekaterinburg.

Following USAID CDIE guidelines, a practical qualitative evaluation should rely on key informant interviews to “provide information on the setting for a planned activity that might influence project design...or when a main purpose is to generate recommendations.”⁶ Additionally as OER had conducted an informal quantitative survey immediately before this evaluation got underway, interviews were key to reviewing, confirming and analyzing that data and should be informative when the appropriate number of client surveys are received.

A. Document review

The Evaluator began document review with USAID’s activity descriptions, the Cooperative Agreements, strategy documentation and other material internal to USAID, including relevant evaluation materials. Then materials from the implementing organizations, including their own promotional and monitoring materials, were assimilated and documents collected in the field work were also considered. The list of these materials is found at Annex 2.

B. Key informant interviews/focus groups

To gain an immediate feel for the activities and to field-test the initial impressions received from the documentation, early in the Evaluation the evaluator took a pilot trip, accompanied by a USAID internal evaluator, to a field site (where one volunteer organization has its country headquarters) to interview BVP implementing staff, volunteers, and client/recipients of assistance. This trip successfully piloted the rest of the evaluation, which was conducted under very tight time constraints, and generated some qualitative information that proved useful for concrete recommendations. Interviews in Washington, DC were useful to gain the USAID/W perspective and the views of senior management of the

⁶ CDIE Performance Monitoring and Evaluation TIPS, 1996, no. 2

implementing organizations, especially in reference to questions of comparative advantage, coordination and communication among the BVP providers.

After further discussion with USAID/Russia staff, the evaluator, accompanied by a Russian consultant/interpreter, visited and interviewed implementers, partner organizations (BSIs) and client firms in two field sites, Yekaterinburg and Khabarovsk. After selecting various clients for interview, the evaluator both asked the client-questionnaire queries while investigating other information particularly germane to the future of this activity. The evaluator retains full notes of every interview underlying the findings and recommendations in the sections that follow. Although many of the interviews were conducted under the promise of confidentiality, others were 'on the record.'

C. Questionnaires/Surveys

After refinement of the SOW with USAID, two questionnaires were constructed to serve as a survey of the broad parameters of performance by the implementing organizations and as a guide for field interviews to be subsequently conducted in sites selected by USAID. These questionnaires were submitted to USAID and the PVOs for comment, both as a substantive request for input and a compliancy exercise; *i.e.*, to determine the evaluation's interlocutors were taking it seriously and/or whether they had the capacity to respond to such an inquiry in timely fashion.

While the questionnaires were being answered by the implementing organizations, a random group of client firms/organizations was selected by the evaluator from the total pool of clients over the past 18 months to receive a client questionnaire. These were transmitted under a cover letter prepared by the evaluator with the specific request for direct return to the evaluator or USAID, although they were allowed to return the questionnaire through the PVOs, with the caveat of its independence and confidentiality. Although this approach may be insufficient for a scientific survey, the role of the surveys to this evaluation is secondary, and expectations (as indicated by interviews and the surveys received to date) are for substantially positive comments. More important will be inconsistencies on questions related to the measurement of results and indication of other atypical comments or problems, which may provide new areas for inquiry by USAID staff.

Finally the evaluator presented preliminary findings and recommendations to a group of USAID/R staff for review, comment and question before the final drafting of the report. Comments were noted and included as appropriate in the draft final report for formal comment. Surveys from firms will be received to an acceptable level, and then reviewed and tabulated, with notation and comment of any important or unexpected results appropriately added or included in the final report.

IV. PRINCIPAL FINDINGS

This Evaluation is intended to draw conclusions about the performance of the providers under Cooperative Agreements issued for the BVP, in conjunction with an analysis of demand for providers' services, *i.e.*, the clients. Failure of two of the providers to return the overall client questionnaire within the deadlines (with no explanation) meant that several of the quantitative aspects requested under the scope are not herein analyzed, but may be found in Annex 4, which was added after this report was drafted. The client survey similarly was not conclusive within the time frame of the Evaluation, but responses gathered to-date support the conclusions drawn in the Principal Findings.

The Lessons Learned lean on these findings about the BVP, and by association and evidence, its predecessor activities. They are also broadly supported by the substance of previous evaluations and studies included in the document review (See Annex 2, Bibliography). Not surprisingly, several of these 'lessons' have been repeated in one form or another in previous discussions of SME development and volunteer-based assistance. The Lessons Learned are referenced to the Principal Findings by number.

The Principal Findings are presented as strong (represented by **S**) and weak (represented by **W**), which could be called observations. All of the findings are supported by direct evidence of the evaluation but the weak findings, or observations, may be limited by the underlying evidence or the scope of this Evaluation. Other minor findings and recommendations specific to minor elements of the program or only applicable to one of the offices visited were discussed directly with USAID activity managers. Related to Finding 3, below, other possible findings related to U.S. trade links and certain aggregate statistics are not now possible.

A. Principal Findings

1. S – The PVOs all believe they did a good job by meeting their clients' needs and fulfilling their Cooperative Agreements.

Evidence:

- Their clients agree in both interviews and survey results, and their quarterly reports indicate they are meeting the majority of the target results of USAID (even ACDI/VOCA is catching up).
- Associated with Finding 2, below, the PVOs fell short of their 'financing' requirements, but CDC and ACDI/VOCA have exceeded all training requirements, the latter several times over. The evaluator is skeptical of the definition and value of data related to 'jobs created/sustained' and 'indirect beneficiaries,' and was logistically unable to confirm the existence/quality of US-Russian trade links. Clearly all normal business-oriented criteria were

severely affected by the currency crisis of last year, but on the whole each implementer attempted to meet the program targets.

- ACIDI/VOCA appears to have ‘tried harder’ after the significant delay in start-up and should be judged equitably from that point on. They are on track to catch up to their workplan by the end of the Cooperative Agreement.
- IESC’s professionalism in their offices and with clients is quite evident, but their late response to this Evaluation and sometimes limited information provided in quarterly reports suggests less than full concern with this Evaluation. When information was submitted it was extensive and useful, albeit a bit late for full inclusion into the evaluation. Its internal data collection system appears to be quite extensive, but ‘confidential,’ from the questionnaire submitted late (see Annex 4).
- CDC was quite cooperative about information, which indicates CDC knows its value to USAID managers and to others and makes a special effort with regard to that. CDC was perhaps most successful in outreach to clients, as they were well known in the business communities visited, even among the clients of the other providers. This result is probably strongly related to CDC’s role in the BCC. This Finding is, however, qualified by the Findings decrying the data available and presented to the evaluator (see Annex 4).
- Regarding the issue of ‘piggybacking,’ the evaluator found that each organization had made specific and successful effort to implement ‘piggybacking,’ which has coincidentally numerically inflated all of their achievements. It appeared that piggybacking occurred in about 20% of assignments, but of those, only 20% were with another provider. This evidence is based on data in Annex 4 and direct discussion, but quantitative conclusions are somewhat weak as not all data had been received by the time this report was originally drafted, which left no time for in-depth follow-up.
- The overwhelming majority of clients surveyed/interviewed were satisfied with the time it took to provide a volunteer.

2. S – The data presented by PVOs is somewhat inconsistent but there are inherent faults with the definitions, collection methods and circumstances under which data was generated. Not all data requested in this evaluation has been supplied yet– they do not have the answers, cannot or don’t want to supply them in a timely fashion.

Evidence:

- PVOs occasionally expressed confusion about and disagreed with definitions and meaning of some of the terms and statistics required in the current reporting formats, *e.g.*, SMEs, concepts of profitability, *etc.*, and the effective meaning of some terms has shifted after changes in the Russian environment.
- Some data related to recruiting, certainly of import to the success of the program, are confounded by issues not resolvable in a quick evaluation, *e.g.*, degree of specification by client, refusal of first offer, subsequent delay by volunteer from personal reasons.

- Specific data problems are: limitations on client verification or enforcement; confidentiality issues; definitional problems in terms of client comprehension (what is 'efficiency?'); and information management. These are recurring problems to be addressed in the EBS program.

3. W – The quality of communication and coordination among assistance providers and their clients was hard to generalize from this evaluation.

Evidence:

- PVOs claimed very good communication in general but some partners, donors and clients had mixed opinions. In Khabarovsk information flow was clearly good, but in Yekaterinburg it was not so good. Investigation of this issue brought the Evaluator into discussions about the BCC, which in St. Petersburg and Khabarovsk drew intense praise, while in Yekaterinburg a mixed review. It is difficult to conclusively state there were large problems, because clearly each provider attracted and serviced clients and the Evaluator has no at-large market survey to determine what percentage of the business community they have actually reached.

4. S – Facilitation of financing was not very successful, but expectations of success seem very inflated in the Cooperative Agreements, given the narrow definition of 'finance' used.

Evidence:

- CDC claims financing in only 3% of its primary assignments and IESC claimed 19% of their 214 assignments resulted in some way in 'financing.' Interviews yielded little direct evidence except that the definition of financing was too restrictive.
- ALFA International, on the advice of their ACDI/VOCA volunteer, turned their cash into forward purchases of inventory before the crisis – is this finance? What is the loan placement rate for all SMEs in Russia over the last 18 months? In the absence of meaningful data on the SME sector, the Evaluator concluded that other mechanisms that substituted for a strict debt/equity interpretation of 'financing' have been applied for the benefit of the SMEs participating in the BVP, and that the requirements of the Cooperative Agreements were flawed.

5. S - IESC (St. Petersburg) has the only functioning model for the consultancy BSI but this is not replicated anywhere else.

Evidence:

- Business Link is clearly well-organized, well-known in business community, and appears sustainable given their knowledge of their own market and its risks. The relationship with IESC appears to be allowing BusinessLink to build its business, while improving its internal capacity to both conduct its business more efficiently (management for profitability) and effectively (transfer of real consulting and analytical skills).

- IESC claimed that they have looked hard for such partners (in Yekaterinburg they “started with 400 and are down to 3 or 4”), but without broad success in the Russian environment, even though they do have candidates. The Evaluator found that the demand for the services does not appear to be strong enough in Russia to be fully economically viable for Russian consulting firms, except for the possible exceptions of marketing, sales, legal and technical financial consulting including audit⁷. This was firmly held by perhaps the most experienced non-Russian interviewed in the Evaluation, and confirmed by survey answers, interviews and direct observation.
- Regarding BSIs, all implementers have viable prospects or partners, which are mainly training and business association institutions that could well become sustainable institutions for the purposes of the EBS.

6. S – All PVOs claim to be ready and willing to define and fulfil new, realistic data set.

Evidence:

- Senior executives of each organization claimed unequivocally that they wanted meaningful indicators but ease of collection and reporting.
- All PVOs recognized the need for data for USAID management purposes and their internal management needs, as well as fine-tuning implementation of the program in the field. They all agreed, however, that any such data set must be limited and flexible to achieve these goals.
- IESC did not engage too deeply in this subject, and returned an interesting questionnaire that suggested they inquire very deeply about their clients, but may not share this information with USAID because of confidentiality agreements with their clients. Further inquiry was precluded by the deadlines of this evaluation.

7. S – Training/seminars are still a key component to attract SMEs and transfer skills that are a stepping stone to the long-term viability of fee-based consultancy.

Evidence:

- The evidence gathered by the Evaluator indicates that firms hesitate to pay consultants, and are especially constrained since the financial crisis of 1998.
- The clients of CDC and ACDI/VOCA (not enough info for IESC) have recently been squeezed to cover costs for volunteers, but attendance at paid seminars and training is quite high.
- The BSIs that are very involved in training and giving seminars enjoy strong demand, even for fees, and all interviewed responded they were progressing, or could progress to low-end consulting (*e.g.*, advising on business plans).

⁷ This is also one of the conclusions of Demand for Professional Consulting Services on Russian Market, CARANA Corp., Moscow, 1997, see Executive Summary, pp. 1,3, and data on p. 18.

8. S – Tourism is very important to the RFE.

Evidence:

- There was extremely strong emphasis on tourism among firms, SMEs, other BSIs, and the government in Khabarovsk, including for-fee training. The Evaluator relied on the consistent results of interviews and review of documentation in the field offices. This Finding is further discussed in the Recommendations below.

9. W – Inconsistencies in ACDI/VOCA field offices, strategies and implementation may be a result of some contracts, weak systems or flexibility. (It is not necessarily a criticism – flexibility may be a strength.)

Evidence:

- ACDI/VOCA did not present a clear client-acquisition strategy in their field offices, which were by other measures successful, *e.g.*, enough satisfied clients and productive relationships with sustainable BSIs. What is clear that ACDI has evolved rapidly to catch up to its requirements. As a weak Finding, the Evaluator is unable to present more concrete beyond the fact that he did not receive specific strategy papers for client acquisition and qualification beyond the basic information forms required from each prospective client. ACDI/VOCA field staff reported that they further ‘qualify’ the client through on-site visits, interviews and cross-checking information within the local business community. In spite of this lack of well-defined procedures, the offices appeared to be successful under the Cooperative Agreement. Perhaps this flexibility or *ad hoc* approach is a successful management practice in the uncertain Russian environment.

10. W – Donor coordination may be weaker than necessary for optimal impact of assistance.

Evidence:

- This observation is based on specific comment in Yekaterinburg from a donor who has a complementary program in place (partnering a BSI in common with CCI). Brief interviews with other donors support this, as does the Evaluator’s past experience in ENI assistance programs and previous evaluation of donor assistance and coordination across the entire range of countries covered by ENI activities, including interviews in Russia.

11. W – BCC was clearly successful in support of BVP in St.Petersburg and Khabarovsk.

Evidence:

- Beyond the scope of this evaluation, this observation is based on uniform praise of BCC’s key role in Khabarovsk, even from other donors and funding agencies. There was similar but less consistent praise of BCC’s role in St.Petersburg, and limited response in Yekaterinburg. The Evaluator had neither the time nor responsibility to investigate further.

B. Lessons Learned (numbers indicate associated Finding)

USAID and its partners must define terms and concepts of the program once again (2, 4). Current experience shows that there are still different opinions about the terms and concepts operative in this program. This may be because programs have evolved and other circumstances have changed, but it's quite clear that from this program and evaluations of this type of program elsewhere that communication must be constantly refreshed. This is also reflected in the problems of reporting systems and underlying concepts.

Data requirements must be enforced through agreement, conceptual validity and flexibility (2, 6). USAID and its providers have spent years on this problem, as shown by all product documentation and independent evaluations. This has also been the focus of the notions of accountability that were the subject of significant USAID investment during its reengineering process of recent years. The basis of project design and accountability is data analysis, and is used to determine the effectiveness of assistance. The data collector must believe in the usefulness of the data (validity), 'buy' into both concepts and detail (agreement) and be able to collect the data realistically (flexibility).

BSIs are out there but the SME market is not ready for full-fee consultancy (5, 7). Fee consultancies need fairly sophisticated clients who can specify exact needs, quantify consultancy's value to their business and plan accordingly. The Russian economic environment is not conducive to long-term planning for large businesses much less than SMEs without a capital base.

Strategy for successful BSIs under this program's goals must fall on training and consultancy (5, 7). Training can provide the most basic, and increasingly sophisticated, skills which companies appear to recognize and pay the lower fees typically involved. At the same time, importantly, training educates SMEs to the value of increasingly sophisticated advice. This is a key stepping-stone to the recognition of the true value of consultancy for their business. Psychologically, education relieves the fear that is a hallmark of small businessman in difficult environment. One not-so-small business client of both ACDI/VOCA and CDC illustrated this notion, saying "When I had problems before I had nowhere to turn."

Implementers must be given flexibility but clear terms to follow (9). In small businesses flexibility is the key to survival. This intentionally restates a lesson cited in an earlier evaluation: "therefore programs serving small businesses should have flexibility to shift their resources and respond when good opportunities arise."⁸ The implementers of such programs must be able to modify mechanisms

⁸ Comparative Assessment of Specific Aspects of USAID Programs by MSI and USAID, October 31, 1997, p.18

and move quickly to meet needs or even find new partners. Local people know their economy best; *i.e.*, implementers, by definition, must obey local demand. USAID programs supply demand-driven assistance and the implementers must be flexible to respond to local and regional needs.

Cooperation and coordination must be enforced to achieve maximum impact of assistance, including with other donors (3, 10). Inconsistencies across the program reflect local differences, personalities and logistics, but there must be leadership to succeed. USAID is the logical coordinator because of its role as the funder of these activities, but this an issue that can be resolved through planning, discussion and the application of resources by USAID (*e.g.*, travel by activity managers).

V. RECOMMENDATIONS

In this section, the evaluator provides concrete recommendations for the design and implementation of the program. Other minor recommendations were discussed in an exit meeting with USAID staff. The numbers in brackets are associated with Principal Findings, and can be similarly linked to specific Lessons Learned.

- ♦ **USAID and its implementing partners must find a new and perhaps creative definition of financing and must bring funding agents into the program (4).** Criteria must lean on economic results for the company, not the simplest definitions of debt and equity. For example, is barter considered financing? What about forwarding or internal investment? Perhaps there is even a need for a finance specialist to be hired in each regional office; this could be a Russian, an expatriate, or a volunteer. What is required is the creative ability to understand the flexibility necessary in a small business. If this is a priority, funding organizations should be brought into the discussion in a clear effort to meet their needs instituted in the program.
- ♦ **Push new provider(s) to function as a business (5, 9, 11).** Regional offices could be seen as profit/cost centers. The details of this concept are difficult to offer here, but the general idea is quite clear. If the goals are sustainability and local capacity, then hard budget constraints and some basic rules of engagement could be effective tools to inspire the flexibility, and the discipline, to survive later. USAID should allow subcontracting as long as goals are met, whether that means directly spinning off BCC's offices, co-locating with BSIs, creating new BSIs out of previous Russian project staff. This is already the aim of the RFA.
- ♦ **Allow the provider to suggest targets, indicators, and results with reporting data sets that must be conceptually legitimate, germane to USAID small business strategy, collectible, and timely (2, 6).** The provider and USAID should agree on such a data set to solve problems that have plagued this type of program throughout the ENI region. Given such an agreement, the provider must demonstrate that a data collection and information management system is already in place and fully functional before the final award. This is a serious issue of design, measurement, and management that must be solved, and should be part of the discipline imposed on the provider's SME clients. As always, it is difficult to "do what I say but not what I do". [It is clear from the

documentation that this issue has been addressed repeatedly by USAID staff and the implementers, but it still remains a key problem.]

- ◆ **The new program should link training to consulting as an integral part of business services and management consultancy; as discussed above this is a logical and real stepping stone to building fee-for-advice consultancy (5, 7).** Russian firms and the Russian economy, at least SMEs, appear to be a few steps away from relying on consultancy to solve business problems. Training and seminars enjoy real demand, and firms allocate fees for training because it is affordable and they can assimilate the small increments of skill and knowledge that training and seminars provide. Short-term volunteers are, or can be, well equipped to perform this function if prepared. This approach also reaches the broadest audience within what eventually will be the broadest stratum of economic activity – SMEs. USAID should urge the providers to formally link training by BSIs to the consulting services of others, or logically combine the functions in those institutions that can do both.
- ◆ **A small, but important, element of the development of fee-based consultancies should be explicit discussion, even training, on conflict of interest (5).** Professional consultants succeed in the West because culture, law, and the market place demand stringent adherence to client confidentiality and avoidance of conflicts of interest. Some respondents in this assessment, both Russian and Western, suggested that there are economic constraints on violating these concepts, by which they mean consultants get paid more to keep quiet. This may currently be true, but in the long run is a sham. Confidentiality may be breached for a price anywhere in the world, but that price is a lot lower in the absence of engrained business ethics and the rule of law. The latter two do not exist in Russia today and may not for the foreseeable future, but are maxims of USAID economic models and policy.
- ◆ **Regional coordination should be a priority for the program's success whether it is among the many resources available under US assistance, other donors, or the various grants and subsidies for small business from Russian or regional government units (3, 10).** Coordination requires leadership with authority, and as the ultimate funder of these programs USAID should play a authoritative role in forcing its grantees/contractors to work together, and encouraging other donors to take advantage of its programs (preferably *vice versa*). USAID activity managers should attend the regional/local roundtables (currently BCC's responsibility in the program now coming to a close). This is part of the role of the regional coordinator for the Regional Initiatives, so this recommendation may address an issue already in USAID programs, which will have broader reach in the near future.

- ◆ **Do not prohibit tourism as a sector in the Russian Far East (8).** All parties, public, quasi-private, and private, strongly believe and have invested in the future of tourism and eco-tourism as a major opportunity in the Russian Far East. If successful, tourism is a sector that can rapidly drive evolution in other service subsectors, and tourism essentially is an export business bringing in hard currency. Additionally if there are official constraints to tourism, then the common theory (which may not really be operational yet in Russia, but appears part of USAID SME/business advocacy strategy) is that organized businesses lobby for policy or infrastructure changes that enable their success. It is possible that other donors and programs already allocate resources specifically to this sector, but that evidence is beyond the scope of this evaluation. USAID should focus on demand, and allow a provider to make a case for tourism through market research. This may already have been done by one or more of the several volunteers who have worked in the region and then studied demand in U.S. and world markets on behalf of their client companies.

- ◆ **USAID should use its internal evaluation capacity to aggregate and analyze quantitative data from the periodic reporting of its BVP providers in a program-wide effort for comparative evaluation.** USAID has the internal capacity in both its FSN program managers and FSN staff in the Program office to aggregate and compare data readily available in the periodic (monthly and quarterly) reporting done by the grantees. In the future, USAID should ensure that both groups of local staff are familiar enough with the programs to maintain and basically analyze such information – and be able to question, correct, and collect important data to improve interpretation. This would save significant resources in future independent evaluations of virtually any program under review. It was evident in this evaluation that the FSN activity managers were not familiar with the other providers not within their direct purview, and in fact had had limited contact with the providers for which they were technically responsible. Furthermore the USAID evaluation unit was unfamiliar with the details or concepts of the program itself. This was indicated by certain requests for information related to this evaluation that were not very meaningful in conceptual or practical terms.

ANNEX 1: SOW FOR THE EVALUATION

To be inserted by USAID/R/PPD with changes made February 3, 1999

ANNEX 2: BIBLIOGRAPHY

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ANNEX 4: TABULATED RESULTS AND DATA FROM THE EVALUATION

SUMMARY OF ANNEX 4

Included in Annex 4 are the direct questionnaires returned by two of the providers, CDC and IESC, the latter of which was returned on February 4, after the original draft of the Final Report was submitted. Both of these questionnaires contain important information and summary statistics that should be useful to the USAID activity managers.

Additionally herein is the Table of Survey Results from clients of the BVP. Please refer to the definitions and coding in Annex 5 in reference to the *Area of assistance* and *Client's sector* columns. The number of respondents included in the table is limited, although CDC reported that several more surveys were returned directly to USAID/Russia. None of these was received by the Evaluator.

A batch of over 15 surveys was submitted by ACDI/VOCA in a format electronically indecipherable, both to USAID/Russia and directly to the Evaluator. To date the Evaluator has not succeeded in decoding this submission, although ACDI/VOCA may have already submitted them directly to USAID/Russia by fax. The Evaluator requested that this submission be re-sent in several different formats, but was informed this was not possible.

In summary, specific numbers are meaningless in such a small sample, so I would hesitate to cite them here. Overall the client survey results were generally as expected, except for some questionable responses on one set of ACDI/VOCA respondents that they would all pay for a volunteer and that they all had measurements which were exactly those required by Cooperative Agreement reporting. Otherwise the general conclusions or observations of the surveys received were:

- ◆ the volunteers were rated very highly;
- ◆ the time to receive a volunteer was considered acceptable;
- ◆ most assistance recipients would accept another volunteer;
- ◆ about half claim they would pay for such assistance;
- ◆ most had no internal measurements to quantify the contribution the volunteer gave to the host firm, except a clear set of respondents from ACDI/VOCA assistance in which they answered with information required by the Cooperative Agreement – this suggests they had no internal measures, but used or had been coached to use ACDI/VOCA's data collection requirements – this is both bad that they don't understand real measurements for themselves, and good that ACDI/VOCA made it clear to their clients they needed to fulfill some measurement according to the program needs. The interviews were overwhelmingly negative about this.
- ◆ the level of 'financing' received as a direct result of volunteer assistance was minimal as defined;
- ◆ links to US business/trade were also limited but were significant, *i.e.*, over 20%.

Most of these results were accommodated in the Findings, Lessons Learned and Recommendations of the Final Report. One specific result was either shocking or a misunderstanding for which the Evaluator had no further time to investigate – Business Link claimed in its survey to not have internal measurements to judge the effectiveness of its own IESC volunteers – and Business Link has had 7! One other noteworthy result was that ACDI/VOCA clients did most frequently claim to have measurement systems for the effectiveness of the assistance rendered.

Annex 4

The information included in this Annex in the Questionnaires returned by IESC and CDC is very interesting and valuable but was received toward the end of the Evaluation and was used to edit and adjust certain findings and resultant Recommendations. USAID activity managers should use this information in their work to design, implement and manage the EBS follow-on activity to the BVP.

Finally, one other recommendation resulted from the overall experience of conducting the survey: **USAID should use its internal evaluation unit to aggregate and analyze quantitative data from the periodic reporting of its BVP providers in a program-wide effort for comparative evaluation.** Further discussion underlying this Recommendation is found in the Final Report.

Survey Results

	<i>Code</i>	<i>Source of information about USAID programs</i>	<i>No. of assignments</i>	<i>How long (days)</i>	<i>Request-arrival period (days)</i> *	<i>Area of assistance</i> **	<i>Mark for VE's work (1-5)</i>	<i>Measure-ment systems?</i>	<i>Info about other programs</i> ***	<i>Willing to host another VE</i>	<i>US Trade?</i>	<i>Finance ?</i>	<i>The client willing to pay ?</i> ****	<i>Client's Sector (see Ann. 5, Definitions)</i>
1	M-25 ACDI	Orehovo-Zuevo Social Business Center	1	11	45 (fast)	2	5	Yes	Yes	Yes	No	No	No	BSI – 2a
2	2791 CDC	CDC	1	14	90 (long)	2	5	No	Yes	Yes	No	No	Yes	1b
3	X-1 ACDI	CCI	1	14	120	2, 3	4	No	No	Yes	-	-	-	3c
4	M29A, M29B ACDI	At an airplane show	2	7	120	1, 2	5	Yes	Yes	Yes	No	No	Yes	BSI – 3a
5	X-2 ACDI	TUSRIF, PEP	1	21	130	2, 3	5	Yes	Yes	Yes	-	-	Yes	3c
6	M17B ACDI	Frederick Harris	1	15	30 (fast)	1	5	Yes	Yes	No	No	No	No	BSI– 3a
7	M17A ACDI	At a conference	1	15	30 (fast)	2, 3	5	Yes	Yes	Yes	No	No	No	BSI– 3a
8	X-3 CDC	CDC	3	28	30 (fast)	2, 3, 4	5	Yes- profit	Yes	Yes	Yes	No	Yes	1b
9	M27AB ACDI	At an airplane show	1	14	30 (fast)	1, 2	5	Yes	Yes	Yes	No	Yes- Grant	Yes	BSI – 2f
10	M 9 ACDI	Orehovo-Zuevo Social Business Center	1	18	120 (long)	1, 2	5	Yes	Yes	Yes	No	No	No	2e

VE – Volunteer Expert.

BSI – Business Support Institution

* - The period between request for the volunteer and his/her arrival. Fast/long – the client's opinion, i.e., was it long or fast.

** - Area of assistance: 1 - technical assistance 2 - general/strategic 3 – finance 4 – sales/marketing

*** - Did the volunteer provide information about other programs/volunteers?

**** - The affirmative answer to the question means only partial compensation.

Annex 4

Survey Results

	<i>Code</i>	<i>Source of information about USAID programs</i>	<i>No. of assignments</i>	<i>How long (days)</i>	<i>Request-arrival period (days)</i> *	<i>Area of assistance</i> **	<i>Mark for VE's work (1-5)</i>	<i>Measure-ment systems?</i>	<i>Info about other programs</i> ***	<i>Willingness to host another VE</i>	<i>US Trade?</i>	<i>Finance ?</i>	<i>The client willing to pay ?</i> ****	<i>Sector (see Definitions)</i>
11	M-37 ACDI	Orehovo-Zuevo Social Bus. Center	1	11	45 (fast)	2, 4	5	Yes	Yes	Yes	Yes	-	No	BSI – 3a
12	X -4 ACDI	CCI training	1	3	-	1, 2	3	No	No	Yes	-	-	Yes	2b,2c
13	M 19 ACDI	ACDI, CCI	1	14	30 (fast)	1	5	Yes	Yes	Yes	No	No	Yes	BSI – 1a
14	M15 ACDI	ACDI	1	28	90	1, 2	5	Yes	Yes	Yes	No	No	Yes	1a
15	P32197 IESC	Newspapers	2	?	Agreed	2,3,4	5	No	No	No	expect	expect	Yes	2d, 2f
16	Pxxxxx IESC	Multiple volunteers from parent firm	1	?	90days (good)	2	4	No	No	No	No	No	No	3c/Other
17	unknown	seminar	1	24	70 -OK	2,3	5	No	No	Yes	No	No	No-now	2e
18	Pxxxx IESC	Multiple volunteers	7	Var.	OK	2	5	No	Yes	Yes	Yes	No	Yes	BSI-3a
19	P31937	BSI	1	42	30	1,2	-	No	Yes	Yes	Yes	No	Yes	3e
20	P32661	BSI	1	21	60 - OK	1,2	4	No	-	Yes	No	No	Can't	
21	M-3	ACDI	1	22	90-fast	2,3	4	Yes	Yes	Yes	No	No	Maybe	
22														
TOTALS/AVERAGES: Data pool is too small for these numbers to be anything other than descriptive.			31	Insuf. data	Only 10% considered 'long' Ave=50 days	1=29% 2=90% 3=23% 4=10%	5	57% Yes but 75% claimed ACDI/V OCA's measures	71% claim Yes	86% Yes	26% (counting expect)	13% counting expect; Only one Yes	13 of 21 answered yes or maybe (62%)	

VE – Volunteer Expert.

BSI – Business Support Institution

* - The period between request for the volunteer and his/her arrival. Fast/long – the client's opinion, i.e., was it long or fast.

** - Area of assistance: 1 - technical assistance 2 - general/strategic 3 – finance 4 – sales/marketing

*** - Did the volunteer provide information about other programs/volunteers?

**** - The affirmative answer to the question means only partial compensation.

Questionnaire for the implementing organizations--CDC

A. Volunteer Profile

How many different individuals completed volunteer assignments in Russia? What percentage of your total (worldwide?) volunteer database does that represent?

231 volunteer completed assignments in Russia within the timeframe. It represents approximately 5% of the entire database of volunteers.

Please describe all parameters of the volunteer: sex, age, private experience, volunteer experience according to the table and definitions attached.

At the moment it is not possible for CDC to provide this information. Linda Nemec discussed the issue with Mr. Corry. All of CDC volunteers have had a minimum of ten years of senior level experience.

How many volunteers completed repeat assignments with the same or with another client?
Number of volunteers completed repeat assignments with the same or another client: 85 (this includes both primary and secondary assignments)

How many volunteers had multiple assignments during one trip?

80 volunteers had multiple assignments during one trip (this includes both primary and secondary assignments)

B. Assignment Profile

1. How many volunteer-assignments were performed?

As of January 31, 1999:

Total: 643

328 – primary assignments (from two weeks and more)

315 – secondary projects (from 1 day to two weeks)

2. How many individual clients were assisted?

496 individual companies/organizations/entities were assisted, the difference between 643 (B, 1) being repeated assignments with the same clients.

3. How many potential assignments could have been completed had a volunteer match been found?

In 8 cases a volunteer match was impossible to find – hence 328 completed primaries plus 8 equals 336 primary assignments could have been completed as of January 31, 1999. 1

1 Please, note that 10 assignments were canceled at the stage of the volunteer search due to the financial crisis in Russia.

4. How much time (days) between initial request and arrival of volunteer?

On average – 60 days

5. Please describe all parameters of the volunteer assignments: type, duration, time of year, location according to the table provided.
6. Please describe all quantitative parameters of your clients: sector, size, location according to the table provided.
7. How many assignments resulted in the client receiving some form of financing? How many resulted in long-term linkages ? With a U.S. partner?

10 assignments resulted in the client receiving some form of financing

85 assignments resulted in long-term linkages with a US partner

C. Performance of the Volunteer Organization

1. Please provide your definition of Small Business and Medium Business as applied in your program and supply any comment on the validity of that definition.

2. How are prospective clients identified and recruited?

Each regional office plays a very active role in the local business support community. Regional Directors and Program Managers are directly involved marketing CDC activities throughout the region. Participation in SME development related conferences and round-table gives the opportunity to distribute the advertising materials, business cards and make contacts with potential clients.

Regional offices are also making use of local media: arranging interviews with the clients who had successful assignments with CDC volunteers. CDC volunteers, when on-site, are also very often interviewed by local newspapers. Thus, through publicity CDC is creating the awareness of the potential clients of the benefits, which they can get through the program.

3. What is the initial information provided to prospective clients?

Each regional office holds a set of advertising booklets which contain all the general information on the CDC activities, volunteers, terms and conditions, potential benefits, etc. What is really important is that usually a number of success stories is included (region-specific) describing “how a volunteer helped a certain company, what happened as a result of the assistance, what the tangible results of the assistance were”. The clients are informed of the potential amount and type of expenses that they will have to

bear if they are committed to working with a CDC volunteer.

4. How are prospective clients “qualified” as clients? e.g., What pre-assignment “due diligence” is done with/on the client? Are clients rated or selected according to expectations of probable success? If no, why not? What is business theory behind this?

According to the Cooperative Agreement of CDC with USAID 118-A-00-97-00157-00 potential clients are entities which:

- ⇒ Come from regional “priority” sectors – sectors recognized as important to regional economic development;*
- ⇒ Represent a model company with replicable value or strong possibility of accessing foreign direct investment;*
- ⇒ Support business development – companies, associations or entities that support private business development, BSIs.*

Companies should have been created as private businesses, or have privatization plans in process.

Companies should have been engaged in business activities for at least one year.

Aside of these very much attention is paid to the type management the potential Client Company has. The major criteria are: openness to new ideas, desire to improve, know what they want to achieve, etc. These are all major factors that, if present, can lead to a successful assignment.

Also, program managers face the task of evaluating the scope of work per assignment and define if it is realistic within a certain timeframe. If, e.g., a certain assignment demand physical presence of the volunteer on-site for more than 6 months and the management is not inclined to change the scope of work, CDC does not accept such companies as clients.

5. What local intermediaries or partners do you use in this process? How were they selected?

In different regions CDC offices select local consulting companies and/or business support associations with whom they are working in partnership, identifying potential clients and developing joint projects.

Examples:

- ⇒ In St. Petersburg CDC is working in partnership with Regional Economic Development Agency, which is a private Russian consulting company. Clients for joint projects with REDA are selected on the basis of joint decision of CDC Program Manager and REDA consultants. Before a CDC volunteer arrives on-site REDA consultants conduct marketing research. So, that a volunteer has a prepared ground for his work. Later, a volunteer is working together with REDA consultants at the Client Company attempting the tasks defined earlier in the RFA.*
- ⇒ In Novgorod CDC regional office is working with Association of Women Entrepreneurs. The partnership is working quite efficiently since CDC is not only able to find individual clients among the members of the Association but also to strengthen the Association itself thus building the local business support capacity.*
- ⇒ In Khabarovsk CDC regional office is closely cooperating with Union of Women Entrepreneurs, the effect of this cooperation being close to that in CDC Novgorod.*

6. After selection of clients, how are volunteers selected?

Volunteer Coordination managers review the Request for Assistance (RFA) for each project and do a key word search of the database to identify volunteer resumes which may be a match to the required qualifications sought. Then the resumes are reviewed and ranked. Potential volunteers are called and if interested sent the RFA for review. Often they have questions that are communicated to the field for response. If the volunteer is a new one, professional references are checked. The resumes of the selected volunteers is sent to the field office for final confirmation.

7. How are they informed about their clients? Is the information standardized? How are they prepared for the Russian economic environment?

The Request for Assistance is a standardized form and this is shared with potential volunteers for their review of an assignment. If a volunteer accepts an assignment, he/she is sent a contract outlining the responsibilities of CDC, the host company, and the volunteer and a packet of briefing materials about the country and the economic conditions. New volunteers to a country are given the names and contact information of volunteers that have recently served in that city/country for additional information.

8. What are the most common recommendations emerging from volunteer assignments? How are these results used in a feedback mechanism in your program?

- ⇒ *Financial data analysis for management use*
- ⇒ *Marketing – consumer orientation*
- ⇒ *Hands-on experience*
- ⇒ *Business crisis management*
- ⇒ *Knowledgeable links to US companies*

9. What are the formal and informal links with, or communications with, the other volunteer or business expert TA programs? How are individual volunteers informed about this?

At the Headquarters level CDC Recruitment Director works with the Recruitment Vice President at IESC to share information on procedures and policies, etc.

CDC actively participates in monthly round-table meeting of all the TA providers in the region. That's where information is exchanged about different volunteers coming into the country, the area of their specialization, etc. Some piggyback assignments of CDC volunteers generate from this information exchange. Usually volunteers who come into the country already know about the existence of other private volunteer organizations or even have the working experience with them.

10. What are the most and least successful features of your cooperation or communication with the other programs?

Through its Business Collaboration Center Program CDC has access to all the technical assistance providers in the region. All of the CDC client companies are usually referred to other TA providers for other types of assistance, such as, US side training, loans, education, partnership programs, etc. And visa versa, having already achieved some form of assistance at other programs, companies are referred to CDC, information exchange serving as a source of clients

D. Performance of the Volunteers

1. What is the volunteers' input on the actual SOW or assignment, and how is this structured for measurable results?

Depending on the scope of work volunteers actually help to create business documents or sometimes create them themselves, teach methods of getting the information on the market to personnel of companies, train the sales personnel by giving seminars and round-tables, help to conduct business negotiations with strategic partners, etc.

The scope of work for each assignment is defined in the Project Description section of the Request for Assistance Form. Also there are subsections which specify "Assignment Goals" and "Anticipated Impact on Company". As an example of assignment goals, these can be business plan creation, well-defined marketing strategy, improved financial reporting, trained sales staff, new curriculum created, etc. "Anticipated Impact on Company" contains information on measurable results of each assignment, e.g. %sales increase, % profit increase, new department created, new contracts secured, a loan secured, a new product developed, etc.

2. How are these results monitored over time?

CDC field staff is obliged to have a follow-up contact with a client company in 6 months after the assignment was completed and to fill out a special Company Follow-up Form. In most cases CDC Program Manager stays in close touch with a client company and follows the implementation stage together with it. Usually it happens when a volunteer is committed to help his client even when his assignment on-site is completed and continues his communication with him from the US (doing partner search, market research, etc.). The task of a Program Manager in this case is to monitor further development of the relationships and help when necessary.

3. What are the record-keeping requirements of your volunteers?

CDC volunteers are requested to fill out the following documents:

- a. Volunteer Assessment of CDC*
- b. In-kind Contribution Form*
- c. Weekly Reports to the field office and Headquarters of CDC*

4. What records do you keep regarding the volunteers ongoing communication with their clients (both social and business)?

All the information about a certain client, assignment and volunteer who worked with this company is kept in the company file. Program Managers are responsible to keep track of any communication of the volunteer with his Russian client.

E. Performance of the Clients, including BSIs (Please apply the following questions to both firms as clients and BSIs as partners/clients)

1. What is your definition of “success” for the client? For the BSIs?
The client is considered to be successful if it demonstrates sustainability in on-going operations, increasing revenues and potential for further growth.
BSIs should be well established with an identifiable constituency, and have the potential to play a role in supporting the development of businesses. Municipalities should have progressive/reformist leadership and be committed to positive changes in economic development. They should be making actual steps in this direction (legislation).
2. Is this your perception of USAID’s definition of “success”? Of “sustainability” for the BSIs? Please comment freely.
3. What are your indicators (quantifiable measurements) of success and sustainability, both short-term and long-term? e.g.: jobs, sales, links, finances, etc.
Quarterly Reports contain information on jobs created, sales and profit increases, new contracts secured, new business links with US (and other) foreign partners, new loans (grants by BSIs) secured, new businesses (branches of business) created.
These are all indicators of success and sustainability.
4. How do you monitor these indicators over time?
Monitoring of these indicators takes place at least once during the 6 months time when Program Managers are doing follow-up calls and visits. In most cases it is a month by month monitoring since CDC encourages its program people to stay in close touch with their clients and assist them in developing their further relations with the volunteer, finance institution, foreign partners, etc.
4. How do you gather information about your clients?
At the initial stage of the relationships a series of meetings with senior managers and site-visits takes place. At the post-assignment stage the information is gathered mostly by means of telephone and fax communication and personal meetings after which a follow-up questionnaire is filled out.
5. How does your organization formally encourage your clients to develop measurement and monitoring systems within their organizations to measure progress or achievement of strategic and tactical goals?
This usually takes place through the client-volunteer relationships, for instance during discussions on business planning. Business plan should be a major tool for the company to measure successes, to use certain milestones on their way to achieve the final goal.
6. Do you inform and encourage your clients to take advantage of other assistance programs, especially USAID-funded volunteer programs?

Annex 4 - Questionnaire for PVOs -- CDC

By all means. All the clients are referred to either other technical assistance programs like CCI and/or American or European financial organizations (TACIS, Eurasia Foundation, Soros Foundation, Eurasia Foundation, TUSRIF, SEEF) for grants and loans programs.

There have been several instances when CDC exchanged clients with ACDI/VOCA and IESC. It happened when CDC could not supply a volunteer for a very industry specific project in agriculture (in Novgorod). And visa versa, when clients were not satisfied with the terms and conditions of other PVOs they requested assistance from CDC.

Questionnaire for the implementing organizations -- IESC

A. Volunteer Profile

1. How many different individuals completed volunteer assignments in Russia? What percentage of your total (worldwide?) volunteer database does that represent?

165 different individuals completed volunteer assignments in Russia under our current cooperative agreement with USAID between May 1, 1997 and January 25, 1999.* (All questions throughout this questionnaire refer to this time frame. Projects that are currently underway or started, but are not yet completed, are not included.)

2. Please describe all parameters of the volunteer: sex, age, private experience, volunteer experience according to the table and definitions attached.

Given the great variety of the 13,000 volunteers in our data base, it is impossible to generalize or provide specific information about each one of them.

3. How many volunteers completed repeat assignments with the same or with another client?

50 volunteers completed multiple assignments, i.e. completed more than one assignment in Russia or with a Russian client. (This includes US-based assignments for Russian clients.)

4. How many volunteers had multiple assignments during one trip?

22 Volunteers completed multiple assignments on one trip (piggyback projects), comprising a total of 37 projects.

B. Assignment Profile

1. How many volunteer-assignments were performed?

214 volunteer assignments were performed. In addition, 44 ABLE reports (market intelligence reports) were completed.

2. How many individual clients were assisted?

152 projects with individual clients were completed.

3. How many potential assignments could have been completed had a volunteer match been found?

Approximately 5.

4. How much time (days) between initial request and arrival of volunteer?

Our records show an average time of 90 days between receipt of agreement in Stamford headquarters and project start. Typically, piggyback projects and US-based follow-up assignments are much below this average. However, it should be noted that a number of factors may adversely influence the time between receipt of agreement and arrival of volunteer in the field that are not related to the actual recruitment process: time required to receive a visa, client-initiated project deferral, project agreements submitted far in advance of requested start date. A better indicator could be the time between the receipt of project and the client's acceptance of the selected volunteer. Our current project tracking system is not able to provide such data yet but will later in 1999.

5. Please describe all parameters of the volunteer assignments: type, duration, time of year, location according to the table provided.

Given the large number and variety of assignments, it is difficult to describe all parameters. In general, projects last 4-6 weeks, with volunteer presence in-country decreasing during the winter months.

6. Please describe all quantitative parameters of your clients: sector, size, location according to the table provided.

See attached list of clients (to be faxed)

7. How many assignments resulted in the client receiving some form of financing? How many resulted in long-term linkages ? With a U.S. partner?

Approximately 40 assignments directly or indirectly led to some sort of financing. Approximately 10 assignments led to joint ventures or distribution agreements.

C. *Performance of the Volunteer Organization*

1. Please provide your definition of Small Business and Medium Business as applied in your program and supply any comment on the validity of that definition.

As a general rule, SMEs are considered enterprises with 5 to 250 employees. However, because of Russia's size and Communist past, which emphasized the creation of huge industrial conglomerates, we are more flexible in our interpretation, and consider the upper limit to be 500 employees.

2. How are prospective clients identified and recruited?

All field offices are responsible for identifying and approaching clients. In general, clients are selected on the basis of a set of fixed criteria (privately owned, small or medium size, no more than 25% government ownership, not operating in a restricted sector, such as alcoholic beverages, and not more than 49% foreign owned.) Furthermore, a client is expected to show commitment to the success of the project and to provide a contribution

in the form of housing and meals for the volunteer, local transportation, and interpreter services.

Project initiation occurs from both directions.

3. What is the initial information provided to prospective clients?

General information about IESC services - how we work as a volunteer organization, how we recruit volunteers for specific assignments, what commitment we expect from the client, and what results we hope to achieve with a project.

4. How are prospective clients “qualified” as clients? e.g., What pre-assignment “due diligence” is done with/on the client? Are clients rated or selected according to expectations of probable success? If no, why not? What is business theory behind this?

See response to question 2. above for the general qualifications a client must meet in order to receive IESC assistance. In addition, IESC field staff conduct a site visit prior to signing a formal agreement. During this visit, the IESC country director collects information on the client’s operations, financial data, background/history, equipment and legal status. The country director also works with the client to identify short and long-term goals, and who will be the primary contact person for the volunteer. IESC does not employ a rating system to determine whether to work with a client or not. Reasons to turn down a potential client are suspicion that the client provided false information, withheld critical information, showed a lack of commitment, or requested assistance which IESC cannot recruit a volunteer for. In the last case, we refer the client to other volunteer organizations that might be better able to serve the assignment.

While IESC has an interest in conducting successful projects that yield measurable long-term results, we have to consider the unstable economic environment and changing conditions under which our clients work. Every project contains a substantial amount of knowledge transfer which will be left behind even if a client company goes out of business. IESC’s theory is that the transfer of sound management skills and business practices is the key to entrepreneurial success and to political change, as more and more entrepreneurs require an appropriate legal and political framework to conduct business.

5. What local intermediaries or partners do you use in this process? How were they selected?

IESC’s Russia program aims to cooperate with and strengthen local consulting companies. To this end, IESC’s Russian field offices conducted a continuous search for suitable companies and established several contacts in each region. In many cases, these contacts resulted in “joint projects,” whereby the Russian firm provided local services (such as market research, business planning, seminar organization etc.), while IESC provided technical assistance to these same clients.

IESC selected these “partners” based on the assessment conducted by its field staff and resident advisors (volunteers). The main factors considered were the Russian company’s capability to provide business development services, as well as its long-term potential to be self-sustainable.

6. After selection of clients, how are volunteers selected?

Through a standardized recruiting process: the project is assigned to a recruiter (also a volunteer), who reads the agreement, searches the database for volunteers with the required skills to fulfill the assignment, and approaches several candidates. Once the recruiter has selected a suitable volunteer, he/she sends the candidate's bio data and professional experience to the field for the client's approval.

7. How are they informed about their clients? Is the information standardized? How are they prepared for the Russian economic environment?

The selected volunteer receives a copy of the standard project agreement, which outlines the scope of work, expected results and critical information about the client. In addition, IESC provides the volunteer with a country guide that contains detailed information about daily life in Russia. Project Officers and recruiters are available to answer additional questions. Increasingly, volunteers contact the field offices and/or client prior to departure as e-mail becomes a more universal communication tool.

8. What are the most common recommendations emerging from volunteer assignments? How are these results used in a feedback mechanism in your program?

On a micro-level, volunteers typically recommend further work to increase management and production efficiency. Common recommendations include management restructuring, equipment improvement, and more accurate data collection. On a macro-level, volunteers frequently note that Russia's taxation and legal systems have in some way hindered their assignments.

IESC implements an extensive evaluation process, in which each volunteer compiles a final report to the client and IESC with his/her feedback and suggestions. Field staff and project officers use this information to design follow-up projects and additional projects with other clients in the same sector.

9. What are the formal and informal links with, or communications with, the other volunteer or business expert TA programs? How are individual volunteers informed about this?

In general, IESC field offices have not had much contact with other volunteer organizations. The BCC has provided a formal link in only a few cities.

10. What are the most and least successful features of your cooperation or communication with the other programs?

BCC Roundtables have helped to promote cooperation.

D. *Performance of the Volunteers***1. What is the volunteers' input on the actual SOW or assignment, and how is this structured for measurable results?**

Prior to the start of each project, volunteers are provided with a copy of the project agreement between IESC and the client, in which the scope of work is described. If necessary, volunteers have an opportunity to discuss, clarify, or alter the scope of work by communicating with the client directly (under the oversight of the IESC field office), or indirectly through the field office.

Client monitoring begins by discussing specific objectives with each client, which can be entered into IESC's Global Evaluations and Reporting System (GEARS) database in the field. At the same time, IESC staff record the connection of client objectives to the objectives specified in the country Work Plan and collect baseline data for key indicators. New objectives can be added as the need for further assistance becomes apparent. Each tailored assistance project or other service performed for a client aims to meet a particular client objective. Therefore, each service is entered into the GEARS/LN system in a form connected to an objective. Every service that is a technical assistance project also has in GEARS/LN an Agreement form that itemizes the objectives and action steps that a Volunteer Executive will meet for the client.

Client objective forms list in sequence all the services that are performed to help the client meet that objective. This list enables a user to see at a glance the strategy and tasks employed to meet each objective. This task strategy is the result of an analysis of how IESC can best fulfill the client's long and short-term goals.

At the conclusion of each service (Technical Assistance, TA, or Business Development Service, BDS), the client and IESC Volunteer or staff person write a description the work performed, what the immediate or anticipated impacts are, and what follow-up action is necessary. These descriptions and comments are gathered in reports, which are sent to the Evaluations Group in Stamford. Evaluation analysts review the project reports and prepare project summaries of the work done by a Volunteer. The rest of the evaluations system involves a process for measuring the results of client services.

2. How are these results monitored over time?

After an appropriate length of time (determined by the type of service provided and reporting requirements), services are reviewed and actual results measured against objectives using the IESC Results Survey. Typically the client is surveyed one year after the completion on their project with IESC, allowing time for the actions and recommendations of the IESC Volunteer to be implemented and utilized. IESC's evaluation efforts focus on what has changed in client organizations after an IESC intervention. Some of the change is immediate, as in the case of a Volunteer Expert (VE) who helps install a new accounting system which is operational before the VE leaves. Other change takes time to implement, e.g. a VE provides recommendations for long-term improvements in operational work flow, suggests the purchase of new

equipment, and makes contacts on behalf of the client organization for export opportunities. The results from this latter type of intervention take longer to recognize and are not always as easily attributable to the VE's work. In some instances, the client may take credit for positive change in the business. But the trend toward improved financial health in dozens of client organizations strongly suggests that our work has promoted development in accordance with our mission.

3. What are the record-keeping requirements of your volunteers?

Work Plan : (Completed by VE and Client) Once the client's operation has been assessed, the VE, in collaboration with the client, develops a plan of action for the project. This process is usually completed within the first 7-10 days of the project. Once approved, both parties sign the Work Plan. The Work Plan is then submitted to the Country Director/Representative. The majority of successful projects are the outcome of Work Plans which were developed with the input of both the VE and the client. This mechanism gives both parties the opportunity to express individual expectations and adapt them to produce realistic outcomes.

Final Report : (Completed by VE) This report is prepared by the VE towards the end of the project, and is submitted at the Final Report Meeting. This meeting is usually held during the last week of a project and is attended by the Volunteer, Client, and Country Director/Representative. The Final Report should be a detailed account of the assistance rendered during the project.

Project Review Report : (Completed by VE, signed by Client, CD/CR and VE) Prior to the Final Report Meeting, the VE should fill out the "VE Analysis" sections. Both the Project Review Report and the Final Report should be brought to this "end of project" meeting for submission to the Country Director/Representative and the client, who can provide additional comments. Through this Report, IESC tracks the quality of services and anticipated impact of projects on client operations. The PRR should, in effect, be an "executive summary" of the Final Report including the following four priority areas:

Initial Situation Assessment: Provide a description of the conditions at the client location at the beginning of the project, stressing in particular how those conditions determine the nature of the assistance that will be given.

VE Action/Recommendations: List each objective stated in Section A of the Work Plan, and then list the actions and recommendations corresponding to that particular objective.

Measurable Results/Impact (Actual or Anticipated): Provide detailed information pertaining to any actual or anticipated results/impacts which may occur as a result of the assistance rendered.

Conclusion: Please provide commentary as to how the project went overall, in what direction you think the client is heading, and estimate the appropriate time frame for IESC staff to follow-up on anticipated results.

4. What records do you keep regarding the volunteers ongoing communication with their clients (both social and business)?

IESC's GEARS system is designed to capture this follow-up communication.

E. Performance of the Clients, including BSIs (Please apply the following questions to both firms as clients and BSIs as partners/clients)

1. What is your definition of “success” for the client? For the BSIs?

Success depends on what type of assistance the client or BSI is seeking. For instance, if the BSI looks to improve its marketing capabilities, success would be measured through an increase in revenue.

2. Is this your perception of USAID's definition of “success”? Of “sustainability” for the BSIs? Please comment freely.

USAID seeks to assist as many SMEs and BSIs as possible, with a measurable impact on each client. USAID would perceive BSIs to be sustainable when they are not dependent on US or other foreign assistance, and can collect fees for a variety of services.

3. What are your indicators (quantifiable measurements) of success and sustainability, both short-term and long-term? e.g.: jobs, sales, links, finances, etc.

IESC headquarters and field staff identify those indicators most likely to gauge their progress toward client and program objectives. Indicators are usually chosen from those employed by USAID and those currently used by IESC. After each intervention with a client, IESC has the opportunity to add additional indicators that are relevant to that client. Typically indicators include, but are not limited to, impacts related to **increased sales and exports, purchases from US companies, increased employee skills, revenues from new joint ventures, increased capital investments, new financing, new distribution agreements and additional jobs created.**

Below is a list of impact categories which IESC regularly uses to measure results against established indicators.

- Total Sales Increased
- Export Sales to US
- Export Sales to Other Countries
- Domestic Sales
- Capital Investments Made
- Technology Purchases
- Purchases from U.S. Companies
- Purchases from Foreign Companies
- Purchases from Local Companies
- Facilitated Access to Financing
- Joint Venture
- Subcontracting

Annex 5 – Definitions/Questionnaires

Licensing Agreement
Franchising Agreement
Distribution Agreement
Merger or Acquisition
Management/Service Contract
Costs Reduced
Utilization of Local Components
Management Improved
Marketing Improved
Market Share Increased
Quality Assurance
New Products/Services
Product/Service Quality
Productivity Increased
Jobs Generated - Male
Jobs Generated - Female
Jobs Sustained - Male
Jobs Sustained - Female
Jobs Reduced
Training
Workshop/Seminar
Employee Skills Improved
Environmental Degradation
Environmental Regulations
Land Acquired
Agricultural Production Increased
Agricultural Cooperatives
Seasonal Workers
Fund ROI
Client ROI
Client Identification
New Sources of Revenue
Client Base/Membership Growth
Educational/Informational Resources
Curriculum Development
Policy Reform

4. How do you monitor these indicators over time?

Upon completion of a project, the client rates the effectiveness of the activity and indicates anticipated results and/or actual results to date. These results correspond directly to the objectives and indicators selected. At appropriate follow-up stages (typically one year later), clients are surveyed about these impacts and asked to document changes in their business due to IESC projects.

5. How do you gather information about your clients?

Results of projects are gathered through Results Surveys, which are conducted on-site by IESC field staff. See attachment

6. How does your organization formally encourage your clients to develop measurement and monitoring systems within their organizations to measure progress or achievement of strategic and tactical goals?

Annex 5 – Definitions/Questionnaires

These are often built into the scope of work for an individual project.

7. Do you inform and encourage your clients to take advantage of other assistance programs, especially USAID-funded volunteer programs?

If IESC cannot assist the client (eg. two week project requested), field staff recommends another PVO.

ANNEX 5: QUESTIONNAIRES AND DEFINITIONS USED

CLIENT DATASHEET: DEFINITIONS OF TERMS

Code: Your organization's internal code for this client or assignment

Employees: Number of full-time employees when the volunteer began assignment

Revenues/Turnover: Total revenues of the company in most recent measurable (estimated) 6-month period prior to assignment of a volunteer.

Profit/(loss): Did the company realize a pre-tax profit in the period applied for Revenues/Turnover data? Did the company suffer an operating loss?

Sector: Please select from the following sectors and apply the alphanumeric code preceding your selection – if other, please enter and explain justification.

- | | | |
|------------------------|-----|---|
| 1. <i>Agriculture:</i> | 1a- | Agribusiness; |
| | 1b- | Food Processing/Packaging; |
| | 1c- | Forestry |
| | 1d- | Fisheries |
| | 1e- | Other |
| 2. <i>Industry:</i> | 2a- | Computer/High Technology; |
| | 2b- | Construction; |
| | 2c- | Durable Consumer Goods; |
| | 2d- | Engineering; |
| | 2e- | Light Industry; |
| | 2f- | Machinery; |
| | 2g- | Textiles and clothing; |
| | 2h- | Mineral/Energy Extraction |
| 3. <i>Services:</i> | 3a- | Business Services (including computer/info services); |
| | 3b- | Finance; |
| | 3c- | Retail; |
| | 3d- | Tourism; |
| | 3e- | Trade; |
| | 3f- | Transport |
| | 3g- | Health/healthcare services |

% Export: The percent of export sales in total revenues listed in Revenues/Turnover

US Trade: Mark “yes” if any sale, purchase or barter of any goods or services was initiated (under contract or completed) AFTER the Volunteer Assignment was initiated.

Annex 5 – Definitions/Questionnaires

Financing: Did the Volunteer assist the company in receiving financing from either domestic or international sources?

Source: Name the source of financing received.

Questionnaire for beneficiaries: Companies and other organizations

1. How did you initiate or develop a relationship with the volunteer-sponsoring organization? How did they recruit your company or advertise their services? What information did they request from your company before they provided a volunteer?
2. How many volunteer assignments occurred? For how long (time)?
3. How much time elapses between initial request and arrival of volunteer? Do you think it was long/fast?
4. Were the volunteer's experience and skills appropriate to the assigned work?
5. Was the assistance provided technical (process management or innovation), general/strategic (advising on long-term strategy, business organization), financial (measuring and managing numbers to improve management or labor performance, or preparation of financials to seek financing) or sales/marketing (defining your market, improving advertising, sales force training, etc.)?
6. Did the volunteer complete the task and achieve the objectives of the assignment? If not, why?
7. How do you rate the contribution of the volunteer to your organization, on a scale of 1 to 5, with 5 meaning that the volunteer contributed an exceptional value that has resulted in a clear improvement in structure or performance of your organization?

8. Do you have any measurements to describe this contribution? Did the volunteer or its sponsoring organization specify any indicators or measurements to test the contribution of the volunteer?
9. Did the volunteer or sponsoring organization provide you with information about other opportunities to host another volunteer or take advantage of other programs designed to help small businesses or your type of organization, including assistance in obtaining short or long-term financing? Did you pursue these other opportunities?
10. Would you host another volunteer? For how long? In what area?
11. Would you be willing to pay for this service? How much per day or per assignment?

VOLUNTEER/ASSIGNMENT DATASHEET: DEFINITIONS OF TERMS

Code: Your organization's internal code for this client or assignment

Prev. vol.: Number of previous volunteer assignments for your or other international business volunteer organizations

Sector: Please select from the following sectors and apply the alphanumeric code preceding your selection – if other, please enter and explain justification.

- | | | |
|------------------------|-----|--|
| <i>1. Agriculture:</i> | 1a- | Agribusiness; |
| | 1b- | Food Processing/Packaging; |
| | 1c- | Forestry |
| | 1d- | Fisheries |
| | 1e- | Other |
| <i>2. Industry:</i> | 2a- | Computer/High Technology; |
| | 2b- | Construction; |
| | 2c- | Durable Consumer Goods; |
| | 2d- | Engineering; |
| | 2e- | Light Industry; |
| | 2f- | Machinery; |
| | 2g- | Textiles and clothing; |
| | 2h- | Mineral/Energy Extraction |
| <i>3. Services:</i> | 3a- | Business Services (including computer/information services); |
| | 3b- | Finance; |
| | 3c- | Retail; |
| | 3d- | Tourism; |
| | 3e- | Trade; |
| | 3f- | Transport |
| | 3g- | Health/healthcare services |

Experience: Years of work experience in the sector of this assignment.

Level: The most recent level achieved in professional work experience, and add “x” to the numerical code to indicate owner/entrepreneurial experience with work level. Note, more than one number can be used -- For example, an owner and senior vice-president of a company whose career had been sales would be coded “15x” :

- 1 = Senior management
- 2 = Mid-level management
- 3 = Senior technical/professional staff

Annex 5 – Definitions/Questionnaires

- 4 = Mid-level technical/professional
- 5 = Sales/Marketing professional
- 6 = Human Resources professional
- 7 = Other (please annotate with code of volunteer below table)

Arrival: Please enter 1,2,3, or 4 corresponding to the quarter of the year in which the volunteer began assignment, e.g., arrival on Feb 15 is coded “2”

Duration: Duration of the assignment in days

Type: Broadly identify the type of assistance rendered according to the numerical coding below:

- 1 = Technical advice on process/product and innovation
- 2 = General/Strategic advice on business organization and strategic planning
- 3 = Financial advice or assistance on management of numbers to improve performance/planning or to prepare financials to seek financing
- 4 = Sales/Marketing advice to determine and measure the market, improve advertising or advise on sales techniques

Questionnaire for the implementing organizations

A. *Volunteer Profile*

How many different individuals completed volunteer assignments in Russia?
What percentage of your total (worldwide?) volunteer database does that represent?

Please describe all parameters of the volunteer: sex, age, private experience, volunteer experience according to the table and definitions attached.

How many volunteers completed repeat assignments with the same or with another client?

How many volunteers had multiple assignments during one trip?

B. *Assignment Profile*

How many volunteer-assignments were performed?

How many individual clients were assisted?

How many potential assignments could have been completed had a volunteer match been found?

How much time (days) between initial request and arrival of volunteer?

Please describe all parameters of the volunteer assignments: type, duration, time of year, location according to the table provided.

Please describe all quantitative parameters of your clients: sector, size, location according to the table provided.

How many assignments resulted in the client receiving some form of financing?
How many resulted in long-term linkages ? With a U.S. partner?

C. Performance of the Volunteer Organization

Please provide your definition of Small Business and Medium Business as applied in your program and supply any comment on the validity of that definition.

How are prospective clients identified and recruited?

What is the initial information provided to prospective clients?

How are prospective clients “qualified” as clients? e.g., What pre-assignment “due diligence” is done with/on the client? Are clients rated or selected according to expectations of probable success? If no, why not? What is business theory behind this?

What local intermediaries or partners do you use in this process? How were they selected?

After selection of clients, how are volunteers selected?

How are they informed about their clients? Is the information standardized? How are they prepared for the Russian economic environment?

What are the most common recommendations emerging from volunteer assignments? How are these results used in a feedback mechanism in your program?

What are the formal and informal links with, or communications with, the other

Annex 5 – Definitions/Questionnaires

volunteer or business expert TA programs? How are individual volunteers informed about this?

What are the most and least successful features of your cooperation or communication with the other programs?

D. Performance of the Volunteers

What is the volunteers' input on the actual SOW or assignment, and how is this structured for measurable results?

How are these results monitored over time?

What are the record-keeping requirements of your volunteers?

What records do you keep regarding the volunteers ongoing communication with their clients (both social and business)?

E. Performance of the Clients, including BSIs (Please apply the following questions to both firms as clients and BSIs as partners/clients)

What is your definition of “success” for the client? For the BSIs?

Is this your perception of USAID’s definition of “success”? Of “sustainability” for the BSIs? Please comment freely.

What are your indicators (quantifiable measurements) of success and sustainability, both short-term and long-term? e.g.: jobs, sales, links, finances, etc.

How do you monitor these indicators over time?

How do you gather information about your clients?

How does your organization formally encourage your clients to develop measurement and monitoring systems within their organizations to measure progress or achievement of strategic and tactical goals?

Do you inform and encourage your clients to take advantage of other assistance programs, especially USAID-funded volunteer programs?

INTERVIEW REPORT

INTERVIEWEE:

DATE:

LOCATION:

NOTES: